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RUEHLO/AMEMBASSY LONDON PRIORITY 5898
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1226
RUEHNT/AMEMBASSY TASHKENT PRIORITY 3384
RUEHCG/AMCONSUL CHENNAI PRIORITY 3300
RUEHKP/AMCONSUL KARACHI PRIORITY 6508
RUEHLH/AMCONSUL LAHORE PRIORITY 2705
RUEHBI/AMCONSUL MUMBAI PRIORITY 3690
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RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 002797

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E.O. 12958: DECL: 06/21/2017
TAGS: [ECON](#) [ENRG](#) [PGOV](#) [PK](#) [PREL](#) [SOCI](#)
SUBJECT: FOREIGN SECRETARY DISCUSSES STRATEGIC DIALOGUE AND
BILATERAL INVESTMENT TREATY WITH DEPUTY SECRETARY

REF: ISLAMABAD 2220

Classified By: Charge d'Affaires Peter W. Bodde, Reason 1.4 (b), (d)

11. (C) SUMMARY: Deputy Secretary Negroponte, Assistant Secretary Boucher, and Charge d'Affaires Bodde met Foreign

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Secretary Khan for a lunch meeting on June 16. Khan

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discussed details of the Strategic Dialogue between the U.S. and Pakistan, expressed concerns about a bilateral investment treaty (BIT), and reported that Pakistan's relationship with India had improved despite some continuing challenges. END SUMMARY.

STRATEGIC DIALOGUE

12. (C) Deputy Secretary of State John Negroponte, Assistant Secretary for South and Central Asia Affairs Richard Boucher,

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and Charge d'Affaires a.i. Peter Bodde discussed U.S.-Pakistan relations with Foreign Secretary Khan during a lunch meeting on June 16. Khan discussed the four components of U.S.-Pakistan strategic dialogue: energy, science and technology, education, and economics. Regarding energy, Pakistan had established two working groups to identify projects suitable for technology, training, and funding cooperation. On science and technology, Khan asked the U.S. to identify institutions and scientists to work with Pakistan. In the education component, Khan said Pakistan appreciated U.S. assistance through the Fulbright program. Concerning economics, Khan requested more information on the proposed Reconstruction Opportunity Zones, which Assistant Secretary Boucher promised to provide shortly.

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BIT AND FTA

¶3. (C) As he has in the past, Khan argued that a proposed bilateral investment treaty (BIT) should be part of a larger Free Trade Agreement between the two nations. He raised three concerns about a BIT. First, he noted Pakistan,s concern that the U.S.-proposed BIT language might lead other nations to demand the same language from Pakistan. Second, consultations with the U.S. through special regulatory ordinances might lead to premature disclosure of regulatory processes. Third, the BIT might allow the private sector and business shareholders to sue the Government of Pakistan. Despite those concerns, Khan said Pakistan could accept a BIT as part of a Free Trade Agreement. The Deputy Secretary said he would not hold out hope for a Free Trade Agreement at this time, but noted the U.S. was eager to further discuss a BIT at the working level.

INDIA

¶4. (C) Khan agreed with the Deputy Secretary that relations with India had improved. Both sides had pursued confidence-building measures and there was progress on Kashmir. However, the Siachen Glacier and Sir Creek issues remained unresolved. Preserving the Siachen Glacier should be the top priority of both sides but both armies were damaging it. Loss of ice, explained Khan, could create significant environmental problems.

¶5. (C) While Sir Creek was still an issue, new maps were helping the nations discuss the problem. Khan also reviewed India,s and Pakistan,s differences on trade issues. Khan reported that Pakistan was prepared to negotiate on non-tariff barriers either bilaterally with India or through the South Asian Association for Regional Cooperation (SAARC).

The Deputy Secretary's office has reviewed this message.

ISLAMABAD 00002797 002 OF 002

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